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Report of the Secretary-General on the United Nations Transitional Administration in East Timor

(for the period 27 January-26 July 2000)

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1272 (1999) of 25 October 1999, by which the Council decided to establish the United Nations Transitional Administration in East Timor (UNTAET). In paragraph 18 of that resolution, the Council requested the Secretary-General to submit a report within three months of the date of adoption of that resolution and every six months thereafter. The current report covers the activities of UNTAET and developments in East Timor since the submission of the last report on 26 January 2000. During this period, the Council received five public briefings, which are contained in the Council's records (S/PV.4097, S/PV.4114, S/PV.4133, S/PV.4147 and S/PV.4165). Matters covered in those briefings will not be repeated here, except in summary form. Seventeen regulations issued by UNTAET during this period will be issued as an addendum to this report.

II. Political transition

2. The 15-member National Consultative Council (NCC), which was established in December 1999, played a crucial role as the primary mechanism through which the East Timorese participated in UNTAET's decision-making. However, it became clear over time that its membership needed to be expanded to facilitate broader participation in policy-making. After intensive consultation, the National Council (NC) was created on 14 July to replace NCC. It will have 33 members, all Timorese, appointed by the Transitional Administrator as follows: one from each of the 13 districts, 7 from political parties within the National Council of Timorese Resistance (CNRT), three from other parties, and one each representing youth, students, non-governmental organizations, the professions, farmers, labour, business, the Catholic Church, the Protestant Church and the Muslim community. Consultations are under way regarding the selection of the Council's members.

3. At the same time, UNTAET reorganized itself to resemble more closely the future government and to increase the direct participation of the Timorese, who thus assume a greater share of the political responsibility. Eight portfolios were created: internal administration, infrastructure, economic affairs, social affairs, finance, justice, police and emergency services, and political affairs. The first four have been entrusted to East Timorese, the other four to senior UNTAET staff members. They were sworn in on 15 and 17 July. The eight officials form a Cabinet chaired by the Special Representative of the Secretary-General. It is responsible for formulating policies and recommending regulations and directives for consideration by the National Council. The Special Representative of the Secretary-General retains full responsibility as Transitional Administrator in accordance with Security Council resolution 1272 (1999).

4. When UNTAET was established, there was no history of open and democratic political activity in East Timor. Since then, CNRT and its component parties have been active, and new political organizations have

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emerged. The Socialist Party of East Timor, the Labour Party, the Popular Defence Council of the Democratic Republic of East Timor (CPD-RDTL) and the United Christian Democracy Party have set up branch offices and organized demonstrations and other political events. The East Timor National Liberation Front (FRETILIN), the largest component of CNRT, organized a series of regional conferences, culminating in a national conference in Dili last May.

5. Regrettably, there have been disturbing cases of intimidation against groups and parties not under the CNRT umbrella. CPD-RDTL, a group that split from FRETILIN, has encountered sometimes violent CNRT opposition, especially in the Suai area. In June, unknown assailants vandalized the Dili office of the Student Solidarity Council, one of the strongest pro-independence groups in East Timor prior to the popular consultation. In March, death threats were directed against staff of the Catholic Radio Timor Kmanek to prevent their announcers' speaking about politics on the radio. Ethnic and religious minorities have also been the targets of harassment and intimidation. On 8 June, the Protestant churches in Ermera and Aileu were burned. There were also several attacks on the mosque in Dili, and ethnic Chinese were threatened and harassed.

6. In order to counter these tendencies and prepare the population for democratic elections, UNTAET has launched a programme entitled "The future of democracy in East Timor" which targets a broad cross-section of East Timorese society. The programme aims to promote civic education, constitutional development, the rule of law and political education. UNTAET has also disseminated information on human rights through its police and non-governmental organizations and is working with local community leaders to develop a culture of tolerance.

7. Apart from these special efforts, UNTAET has promoted the free flow of information and ideas by supporting local media (two newspapers and two news magazines) and through its own operations (radio, limited television broadcasts, fortnightly newsletter), as well as through providing training for East Timorese.

III. Relations with Indonesia

8. The normalization of relations between Indonesia and East Timor has progressed well. President Wahid visited Dili on 29 February, where he was warmly welcomed. On this occasion, agreements were signed, concerning the promotion of trade and communication, the establishment of representative offices, and continued access by East Timorese to academic institutions in Indonesia. Agreement was also reached on the establishment of a border regime to facilitate access for people and goods between the Oecussi enclave and the rest of East Timor as well as cross-border trade.

9. Mr. Sergio Vieira de Mello, Special Representative of the Secretary-General, has twice visited Jakarta since then and Mr. Xanana Gusmão, President of CNRT, visited Jakarta on 28 April, where he met with President Wahid and senior government officials to further strengthen bilateral relations.

10. On 6 April, Indonesia and UNTAET concluded a Memorandum of Understanding on cooperation in legal, judicial and human rights matters. In accordance with the memorandum, UNTAET has assisted the Indonesian authorities in their efforts to identify and prosecute those responsible for human rights violations in East Timor in 1999. To this end, UNTAET has located and interviewed witnesses and provided the results to Indonesian investigators.

11. On 5 July, agreement was reached on the establishment of a Joint Border Committee, which is responsible for managing all cross-border matters. Key outstanding issues are an arrangement for transit between the Oecussi enclave and the rest of East Timor, which is critical for the future well-being of Oecussi, and the payment of pensions to former employees who wish to reside in East Timor. The early resolution of this question would encourage many refugees to return home.

12. UNTAET has established offices in Jakarta and Kupang, and Indonesia has a mission in East Timor. The office in Kupang helped coordinate UNTAET's assistance to flood victims on both sides of the border between East and West Timor in May. It has been closely involved with the Office of the United Nations High Commissioner for Refugees (UNHCR) in initiatives designed to encourage reconciliation and the return of the refugees who remain in West Timor and Java.

IV. Refugees

13. More than 167,000 refugees have returned from Indonesia, primarily from West Timor. The repatriation effort is coordinated by UNHCR; the International Organization for Migration (IOM) arranges their movement to their destinations. This activity has proceeded with few incidents and the reintegration of the refugees into their original communities has been generally smooth.

14. UNTAET supported the work of UNHCR at the political level by promoting reconciliation and preparing the communities in East Timor for the return of those of the refugees who had opposed independence. This was done in discussions involving local organizations and, often, the church. UNTAET also arranged visits to East Timor by some militia leaders so that they would know what to expect when they and their followers returned.

15. The Governor of West Timor, Mr. Piet Tallo, visited East Timor on 8 June and met Mr. Vieira de Mello and Mr. Xanana Gusmão as well as other East Timorese leaders. Subsequently, on 9 and 10 June, the Bishop of Baucau, Mr. Basilio Nascimento, visited West Timor.

16. Despite these efforts, an estimated 85,000 to 120,000 refugees remain in camps in West Timor, where militias opposed to independence continue to exercise great influence and impede the work of UNHCR by intimidation and violence. As a result, an important effort by UNHCR to register refugees and determine whether they wished to return or be resettled was repeatedly delayed and had to be postponed indefinitely earlier this month, when militia members attacked UNHCR's workers.

17. UNHCR has increased its efforts to persuade the Indonesian authorities to assume their obligations and act on commitments made. These include free and unhindered access to the refugees, ensuring the safety of humanitarian workers and the separation of former military personnel, police and civil servants from the refugees. If these obligations are not met, UNHCR may be compelled to withdraw from some or all camps.

V. Governance and public administration

Civil service

18. UNTAET has continued to build the foundations of governance, including a legal framework, a central financial capacity and a civil service structure. This has been done with a view to transferring administrative functions to a sustainable East Timorese administration. The recruitment of Timorese civil servants is conducted through an open process based on competition and merit, under the supervision of the Public Service Commission.

19. There are now 5,275 civil service employees in the East Timor administration, including teachers and health workers on temporary contracts. Permanent hiring began in July and the Civil Service Academy was inaugurated on 8 May. In cooperation with UNTAET, the United Nations Development Programme (UNDP) is preparing a comprehensive project, amounting to approximately US$ 30 million, for capacity-building in governance and public administration. In the second half of the year, UNDP, in conjunction with Portugal's National Institute of Public Administration, will provide courses for political leaders in globalization, constitutional issues, project development and implementation, and ethics for 210 persons. UNTAET is working with CNRT and donors to establish a diplomatic training course; the first round of training for 50 students will begin on 31 July.

Public finance

20. During the reporting period, UNTAET established the Central Fiscal Authority and the Central Payments Office. Recruitment of Timorese staff has begun and will be followed by specialized training, assisted by the Asian Development Bank. The Treasury has been established within the Central Fiscal Authority. It is responsible for the execution of the budget, including expenditure, control and monitoring. The Revenue Service has been established and a tax system instituted, which includes a service tax on restaurants, hotels, telecommunications and transport rentals.

21. The consolidated budget for 2000/01, and projections for the next two years were presented to

donors in Lisbon in June and were favourably received. The budget provides for recurrent spending of US$ 43.63 million and capital spending of US$ 15.6 million. Financing this budget will require additional contributions to the UNTAET Trust Fund of US$ 16 million. Contributions to the Trust Fund stand at about US$ 28.5 million.

22. Public spending under the UNTAET Trust Fund was limited in the first months of the mission because of normal delays as programmes were being planned, with expenses being met by other agencies as part of relief programmes, and difficulties in the procurement of certain goods and services, as well as limitations of port and warehouse capacity. These obstacles have essentially been overcome. Disbursements from the UNTAET Trust Fund so far total over US$ 3 million on civil service salaries, quick-impact projects and expenditures for light capital equipment and miscellaneous services. A further US$ 7.9 million has been committed for furniture and equipment for the health, education and social affairs departments.

23. A source of revenue for East Timor is the exploitation of petroleum in the "Timor Gap" region of the Timor Sea. In early February, to ensure the continued and smooth commercial development of the Timor Gap, UNTAET signed a Memorandum of Understanding with Australia in which UNTAET, on behalf of East Timor, agreed to continue the terms of the Treaty between Australia and the Republic of Indonesia on the Zone of Cooperation in an Area between the Indonesian Province of East Timor and Northern Australia (Timor Gap Treaty). This was without prejudice to position of the future government of an independent East Timor. In consultation with the East Timorese leaders, UNTAET has been in touch with the Government of Australia, with a view to working out a new legal regime that would come into force at independence.

Economy

24. The collapse of both the public and private sectors following last year's violence, in conjunction with large-scale destruction, had a devastating effect on the economy. The gross domestic product (GDP) is estimated to have shrunk in 1999 by as much as 38 per cent. Unemployment soared, especially in the urban areas. The prices of fuel and other basic goods rose steeply, in part reflecting the removal of subsidies. UNTAET is trying to normalize border trade with West Timor in order to improve the supply of basic goods.

25. To provide immediate relief and also to launch the repair of the infrastructure, quick-impact projects have been carried out throughout the country. Thirty thousand persons have been employed under projects overseen by the United States Agency for International Development (USAID), injecting US$ 3.5 million into the local economy. The Japanese International Cooperation Agency (JICA) and the Australian Agency for International Development (AusAID) have funded US$ 1.3 million in reconstruction projects (mainly road rehabilitation) which have also provided temporary employment. The UNTAET Trust Fund and United Nations agencies have committed over US$ 1 million, providing employment to 5,350 persons. These programmes are coming to an end, and it will fall more and more to the private sector to create employment opportunities.

26. Business activity has expanded on a moderate scale. By the end of June, 2,696 private businesses had been registered, with over 70 per cent coming from the business community. The World Bank-administered Trust Fund for East Timor (TFET) has established the Small Loans Enterprise Programme to assist in the rapid rehabilitation of small businesses. Up to US$ 10 million will be lent over two years; the first tranche amounting to US$ 4 million is currently being disbursed. UNTAET has established an Investment Promotion Unit to assist foreign investors.

27. Some 80 per cent of the population depend on agriculture for their livelihood. This sector saw a fairly strong recovery in the first half of this year, owing to a good coffee crop and strong domestic demand. Public investment is foreseen to promote recovery and reduce poverty in rural areas and to support medium-term initiatives to create a sustainable base for future increases in productivity. A regulation was promulgated in May prohibiting the logging and export of wood from East Timor in order to halt the damage already caused by unregulated logging. The design of projects began in July to ensure the protection and preservation of existing water supplies through community-based watershed management and reforestation programmes.

28. East Timor has inherited a complex and often contradictory system of land ownership. This has caused uncertainty and many disputes. UNTAET is

making preparations for a Land and Property Commission to restore and maintain the land registry; resolve disputes through mediation, arbitration and, where necessary, adjudication; and allocate abandoned public and private property. UNTAET officials are currently involved as mediators in the resolution of two complex land disputes in Viqueque and Baucau.

Infrastructure

29. Prolonged rains and heavy traffic by the International Force in East Timor (INTERFET) and UNTAET have exacerbated the already poor condition of the road network. Several main arteries closed during April and May owing to land slips and the collapse of bridges. In February, a mission coordinated by the Asian Development Bank agreed on a remedial strategy for emergency rehabilitation, restoring normal government services for routine, emergency and periodic maintenance, and implementing a capital programme of pavement rehabilitation and strengthening. The full contracts were mobilized in early June.

30. Dili's port is a critical bottleneck, and rehabilitation work is under way to increase its capacity at a cost of approximately US$ 7 million. Japan will provide navigational equipment worth US$ 2.6 million. The airports in Dili and Baucau have suffered damage owing to inadequate maintenance, destruction, theft of equipment and heavy use over recent months. Emergency runway repairs are under way in Dili.

31. Intensive efforts were undertaken to restore electricity to Dili and the surrounding villages with support from the United Kingdom of Great Britain and Northern Ireland. However, more needs to be done, and power cuts remain frequent. UNDP will rehabilitate 13 of the remaining rural stations with funding from Japan, which will also finance the maintenance of a power plant in Dili. Portugal is financing the rehabilitation of four regional stations. A project led by the Asian Development Bank will support technical assistance for the setting of tariffs, metering, billing accounts, and financial management systems.

32. United Nations agencies and non-governmental organizations, in conjunction with district administrations, have provided the core of assistance in the water and sanitation sector, including equipment, materials and personnel to effect emergency repairs. No major outbreaks of disease or serious water shortages have been reported. By May, water supplies in all 13 of East Timor's main district towns had been partially restored.

33. Telecommunications remain seriously deficient. Limited mobile phone coverage in Dili and parts of Baucau and Suai, and landlines in Dili are provided by a private company on a temporary basis. The East Timorese postal service commenced operations at the end of April and provides service internationally via Darwin and internally between Dili and Baucau.

34. On 21 February, the World Bank and UNTAET signed a grant agreement for a community empowerment project, which links support for rehabilitation and income-generating activities with the strengthening of the capacity of subdistricts and villages, through elected representatives, to determine their priorities and manage the projects they select. The project has three major components — grants to communities through local community councils, a cultural heritage project and a civil society development fund. Over 340 councils have been formed and more than 70 facilitators have been trained and fielded through nine districts. The project totals US$ 21.5 million over two and a half years.

Education

35. The vast majority of primary school children and teachers were back in school by the end of April. Some 200,000 students will participate in the coming school year. Four thousand seven hundred and forty schoolteachers are being recruited into the civil service based on examinations held for this purpose in May. The conditions they face, however, remain very difficult. Supplies are insufficient and, pending their recruitment, most teachers have been surviving on a stipend initially supplemented by an allocation of rice provided since December 1999 by the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP).

36. Many schools are structurally unsound and need to be demolished. A US$ 13.9 million project has been agreed between UNTAET and the World Bank for a rehabilitation programme. The first stage is to repair 2,100 primary and secondary school classrooms, supply furniture, books and other instructional

materials. Secondly, new schools will be built to replace some of those to be demolished. Thirdly, a policy development component will be established to provide analysis and options for the future national education system. There will also be a project on quality of instruction, through teacher training and the strengthening of local school councils. UNTAET, UNICEF and CNRT are providing short preparation courses for teachers in the run-up to the next school year, while Portugal is providing more comprehensive teacher training initiatives to 750 teachers, the number being expected to have risen to 2,500 in the next year.

37. Japan, the Ford Foundation and Caritas Norway have undertaken to support the return of East Timorese students to Indonesian universities to complete their studies. A list of 989 has been sent to the Department of Education in Indonesia, which will forward it to all relevant institutions. The scholarships will also cover 500 East Timorese students who are already continuing their studies in Indonesia. Indonesia has provided assurances that it will complete the scholarships of 162 final-year East Timorese students. Applicants are currently being interviewed for teaching positions at the national university of East Timor, which is scheduled to reopen in October.

Health

38. Owing to the collapse of the public health-care system, non-governmental organizations, funded by a number of donors and coordinated by UNTAET, have become the main health service providers. In each district, a lead organization has been designated to implement national policy and programmes. A national tuberculosis campaign has been undertaken in 9 of 13 districts treating more than 1,500 patients. A malaria prevention campaign has also been launched.

39. The post-ballot violence damaged 77 per cent of the clinics. Since January, 80 health facilities have been opened and a number of mobile clinics are operating. However, there are only 23 Timorese medical doctors in the country. It will therefore be some time before there can be a full Timorese health service. There is not such a shortage of nursing staff, although many will require more training.

40. A multi-donor mission in April defined a short-term strategy of transition from the emergency phase to a more systematic approach to health delivery. The mission developed an integrated sector-wide programme funded through the trust fund administered by the World Bank, the UNTAET Trust Fund and bilateral initiatives. In June, UNTAET and the World Bank signed a US$ 12.7 million Health Sector Rehabilitation and Development Programme which seeks to address immediate health needs while developing an appropriate long-term health system. United Nations organizations, in particular the World Health Organization (WHO), UNICEF and the United Nations Population Fund (UNFPA), will provide technical and other inputs to the health sector programme. The European Commission Humanitarian Office (ECHO) will continue to provide support.

Law and order

41. The situation in East Timor has remained stable overall. However, there was a notable increase in low-level personal and property crime. This can be largely attributed to the rapid increase in the cost of living, unemployment and rapid, unplanned urbanization. Reported assaults rose from 49 in January to 86 in June, and thefts from 25 to 45. There were sporadic incidents of unrest in Dili, the most serious of which took place on 30 April when a fight between youth groups at a sports stadium moved to the nearby central market and continued for several hours, resulting in 4 injured and 18 arrests. Following this incident, the police were authorized to carry side arms.

42. The Dili courthouse held its first hearings in May, and the Baucau court opened in late June, to be followed by courts in Oecussi and Suai. Judges have been appointed to all four. Temporary arrangements, including travelling judges and prosecutors, will be used to clear the backlog of some 60 cases in the other districts. Six hundred cases are still pending from before the popular consultation; efforts are under way to retrieve the records, but many have been destroyed. A total of 16 East Timorese judges, 8 prosecutors and 8 public defenders have been appointed. Ten more judges and four prosecutors were recruited at the end of June. All are undergoing continuous training. Four international judges have also been appointed. Two will sit on a panel to hear cases for serious criminal matters and two on the East Timor Court of Appeal. These judges and prosecutors will also act as mentors for their Timorese colleagues.

43. Two detention facilities have been opened, in the Dili and Ermera districts. Two more are in the planning stage for Baucau and Manatuto. The facilities are managed by a small group of international personnel funded by a donor contribution, with some assistance from the civilian police. Fifty-eight Timorese have been recruited as prison wardens and are being trained by the international personnel.

44. **Police**: since January, UNTAET's civilian police grew from 400 to 1,270 officers from the following countries: Argentina (5), Australia (80), Austria (10), Bangladesh (35), Bosnia and Herzegovina (12), Brazil (13), Canada (14), Cape Verde (2), China (15), Egypt (10), the Gambia (26), Ghana (91), Jordan (219), Kenya (14), Mozambique (3), Namibia (9), Nepal (47), New Zealand (12), the Niger (21), Nigeria (51), Norway (1), Pakistan (1), Philippines (105), Portugal (165), the Russian Federation (3), Samoa (25), Senegal (16), Singapore (40), Slovenia (2), Spain (19), Sri Lanka (30), Thailand (29), Turkey (18), the United Kingdom (14), Ukraine (8), the United States of America (80), Zambia (5) and Zimbabwe (20). Included in the above are two Rapid Response Units of 120 each from Jordan and Portugal.

45. The first group of cadets of the new Timor Lorosa'e Police Service (TLPS) graduated from the Police Training College on 11 July. The second class began on 17 July. The current capacity of the college is 50 cadet recruits per 12-week training period. The building of police capacity is thus very slow. Accelerating it would require funding beyond the current East Timor budget. The Timor Lorosa'e Police Unit has been established at UNTAET's civilian police headquarters to facilitate the induction of the Timorese into the positions currently held by international personnel.

46. UNTAET follows a community-based approach to policing, participating in local problem-solving meetings and other community activities. Traditional mechanisms of conflict resolution are commonly used.

47. UNTAET continues to receive reports of human rights violations committed in the context of the popular consultation. An investigation unit has been established in the Human Rights Unit to look into these cases. In this context, there have been approximately 345 exhumations across East Timor since 25 October 1999. Some 40 other grave sites have been identified and marked awaiting exhumation.

48. **Border control**: UNTAET's Border Control Unit maintains operations at Dili's port and airport and at the two crossing points on the border with West Timor. The unit's main functions are the control and monitoring of customs, immigration and quarantine, and the establishment, training and development of the Border Service of East Timor. UNTAET has tightened customs and immigration controls at ports of entry and has collected US$ 2.4 million in revenues. More than 2,000 temporary travel documents have been issued to East Timorese travellers.

49. The Border Control Unit has received support from Australia, Finland, Portugal, New Zealand and the United States, which have made available customs and immigration personnel. The Border Service of East Timor now includes 37 international officers and 147 East Timorese officers. To date, 90 Timorese border service officers have completed a basic training course; all receive in-service training.

Civilian staffing

50. As of 21 July, UNTAET had 2,684 civilian staff, of whom 1,886 were recruited locally and 798 internationally. UNTAET continues to lack experts and experienced administrators. The shortage of experts is mainly in the fields of land and property, customs, statistics, trade and commerce, agriculture, judicial affairs and infrastructure. A significant obstacle for the mission has been the lack of qualified interpreters and translators.

VI. Security

51. A phased transfer of responsibility from the International Force in East Timor (INTERFET) to UNTAET's military component took place during the month of February. Since then UNTAET's force has conducted security operations throughout the country and has supported the activities of other components, notably the police, helped with the delivery of relief goods in remote areas, and provided medical care to civilians.

52. The security situation has been generally stable. However, there was a period from late February to mid-March during which UNTAET's military positions near the border came under fire and four significant cross-border incursions were carried out by militia

groups operating from West Timor. Following these attacks, UNTAET's Force Commander and the Director of Political Affairs travelled to Jakarta where they met with the Minister of Foreign Affairs and the Chief of the Armed Forces. As a result of these meetings, the Indonesian armed forces undertook to renew efforts to ensure security along the border and prevent militia infiltration into East Timor. On 11 April, UNTAET's Force Commander and the commander of the Indonesian forces in West Timor signed a Memorandum of Understanding regarding tactical coordination in the border area to enhance the cooperation. The Indonesian armed forces positioned a second battalion and a brigade headquarters on the border.

53. Thereafter, the situation along the border was quieter. However, there was a grenade attack against an UNTAET post on 28 May, in which an Australian soldier was injured, and another attack on 21 June. On 24 July, an UNTAET patrol, investigating a reported cross-border incursion in the Cova Lima district, was attacked with automatic fire. A New Zealand soldier was killed in the incident. The incident is the subject of an ongoing investigation. There have also been isolated incidents of shots being fired along the border, particularly in the north.

54. Since October 1999, the troops of the Armed Forces for the National Liberation of East Timor (FALINTIL) have been cantoned in the Aileu district. Difficult living conditions, lack of supplies and lack of clarity about their current and future role have recently led to concerns over discipline and morale. FALINTIL has sent a number of its personnel home on leave, reducing the number in the cantonment area from over 1,000 in October to less than 500 at present. UNTAET has allocated US$ 100,000 from the Consolidated Budget of East Timor to provide food for two months to the FALINTIL personnel and their dependants.

55. The current strength of UNTAET's military component is 8,032 all ranks, including 198 military observers, from the following countries: Australia (1,542), Bangladesh (572), Bolivia (2), Brazil (81), Canada (3), Chile (33), Denmark (2), Egypt (83), Fiji (188), France (6), Ireland (44), Jordan (720), Kenya (252), Malaysia (32), Mozambique (12), Nepal (168), New Zealand (675), Norway (6), the Republic of Korea (444), Pakistan (804), Peru (23), the Philippines (623), Portugal (759), the Russian Federation (2), Singapore (24), Sweden (2), Thailand (919), Turkey (2), Uruguay (1), the United Kingdom (4) and the United States (4). On 21 July, Lieutenant General Boonsrang Niumpradit (Thailand) replaced Lieutenant General Jaime de los Santos (Philippines) as Force Commander.

56. When planning for UNTAET's military component last year, the aim was to create a sufficiently robust force so as not to invite challenges after it took over from INTERFET. It was envisaged that the strength of the force could be reduced if the situation remained stable. This has turned out to be the case, especially in the eastern sector. Given also the improved capacity of the police, it is intended to effect a reduction in that sector from currently 1,850 to a battalion-size force of 500 by the end of January 2001.

57. The military observers provided a United Nations presence in the districts before the military and civilian components were fully deployed. Their strength will now be reduced to 150, and a further reduction is being considered. They continue to carry out important liaison functions, especially with the Indonesian armed forces and FALINTIL.

58. It was not originally envisaged that East Timor would have armed forces, except for security personnel associated with the police. Initially, CNRT supported this view, bearing in mind the country's limited resources. CNRT has changed its position and now advocates the establishment of a national security force, initially based on members of FALINTIL. East Timor will, of course, be free to decide this matter after independence. However, CNRT leaders regard the establishment of such a force as a necessary element in the transition to independence so that East Timor is able to guard its borders when UNTAET leaves. With financial support from the United Kingdom, a team organized by King's College, London, is currently undertaking a study of East Timor's future defence and security needs and their practical and financial implications. The study is to be completed in August, following which there will be a broad discussion of its recommendations.

VII. Humanitarian affairs

59. UNTAET's Humanitarian and Emergency Rehabilitation component plays the central coordinating role for humanitarian activities, providing leadership and close liaison with all actors. Regular meetings at central and district levels and weekly

sectoral groups (some of which are coordinated by the Governance and Public Administration component) continued to bring together humanitarian agencies to ensure country-wide coverage. A coordination centre has been set up to support non-governmental organizations and, in particular, to develop the capacity of local development organizations. This centre has recently been handed over to East Timorese management with ongoing support from UNTAET.

60. WFP has coordinated logistical support for the humanitarian effort since October 1999, with support first from INTERFET, then from UNTAET's military component and other United Nations agencies. Logistics for country-wide food distributions have been efficiently managed with more than 35,000 metric tons distributed since September 1999 by WFP, the International Committee of the Red Cross and non-governmental organizations. The general food distributions, which averted a large-scale emergency, have been replaced by targeted distributions to vulnerable groups and schools and incentives for work.

61. The supply of "phase 2" (semi-permanent) shelter materials was hindered by delays in delivery from external sources, the prolonged rainy season and widespread deterioration of the road network. Many subdistricts were cut off from central stores. Distribution of shelter material has now accelerated: 13,500 house kits (out of the planned 35,000) have been distributed by UNHCR and its implementing partners. A further 10,000 kits have been distributed by other humanitarian actors. Continuation of the shelter programme remains a top priority, and the delivery of shelter material has been extended by six months to the end of 2000. Timber has been imported to reduce the negative impact of rebuilding on the East Timor environment.

62. Conditions in East Timor have somewhat improved, and the immediate emergency is considered over. The focus has now shifted to reconstruction and rehabilitation. A country-wide review of the humanitarian operation resulted in the overall conclusion that humanitarian assistance had been delivered in a timely and effective manner. One lesson learned concerned the need to improve consultation with the beneficiaries and local civil leaders in such operations. The review also served as a preliminary account to donors for all funds spent in the period October 1999-April 2000. Of the US$ 150 million received, 79 per cent had been spent, of which 59 per cent was for food assistance, repatriation of refugees and shelter support. Funds were spent evenly across the 13 districts of East Timor, except for Dili district, which received more.

VIII. Observations

63. When I reported to the Security Council last January, UNTAET was a fledgling operation, still building its own capacity while trying to advance as fast as possible on a broad range of issues. Today, although it has not yet reached its full designated capacity, UNTAET can look with satisfaction on what it has achieved so far. It has contributed to the alleviation of the emergency brought about by the violence and destruction that followed the popular consultation last year; it has maintained a secure environment; it has established the foundations of an effective administration; and, above all, it has established a relationship of mutual respect and trust with the East Timorese.

64. The last six months have also made clearer how daunting the task is that the United Nations has undertaken in East Timor. The Organization had never before attempted to build and manage a State. Nor did it have an opportunity to prepare for this assignment; the team in East Timor had to be assembled ad hoc and still lacks important expertise in a number of fields.

65. The relationship between UNTAET and the East Timorese is obviously crucial for the attainment of the mandate. While Security Council resolution 1272 (1999) gives the United Nations exclusive authority, my Special Representative has chosen to proceed only in the closest possible consultation with the East Timorese and with their full consent. The appointment of Timorese as heads of department is a further step towards the increased sharing of political responsibility.

66. UNTAET has maintained close contact with the different political groupings, notably with CNRT and its President, Mr. Xanana Gusmão, who is the most respected Timorese leader and commands great personal authority. However, signs of intolerance of other political groups that have surfaced in recent weeks are cause for concern. I trust that CNRT will defend the political freedom for which it has fought and will welcome and encourage the broader

participation in the political process that the creation of the National Council was intended to promote.

67. East Timor's best assurance of a secure future lies in healthy relations with the countries in the region, particularly Indonesia, its closest neighbour. Great progress has been made in this regard, owing in no small measure to the personal efforts of President Wahid and Mr. Gusmão. However, the unresolved issue of the East Timorese refugees in West Timor, the activities of pro-integration militias, who exercise control over the refugees, and continuing cross-border attacks by groups based in West Timor are very disturbing, as highlighted by the fatal shooting of a United Nations soldier. I expect that effective steps will be taken by the Indonesian authorities to bring the situation fully under control.

68. When I visited East Timor last February, I asked my Special Representative to establish benchmarks to guide the activities of the mission towards achieving minimum goals in East Timor that would provide the East Timorese with a sound platform for governing their country when independence was achieved. The key areas are: to ensure security during the transitional period and arrangements for East Timor's security once it is independent; to establish a credible system of justice in which fundamental human rights are respected; to achieve a reasonable level of reconstruction of public services and infrastructure; to establish an administration that is financially sustainable; and to manage a political transition to independence, culminating in the adoption of a constitution and democratic elections.

69. The last objective is, no doubt, the most important, since it entails the establishment of a political system that is responsive to the citizens and a political leadership that is responsible in its decisions. The East Timorese are increasingly impatient to take responsibility for their affairs and do not wish the transition period to continue for too long. Indeed, many would hope to reach independence by the end of next year, in the full knowledge that East Timor, as one of the least developed countries, will require international support for some time to come.

70. Finally, I should like to express my deep appreciation to the Member States that have supported this difficult mission by contributing personnel, equipment and financial support. I also wish to pay a warm tribute to Mr. Vieira de Mello and all the members of UNTAET and of the agencies and organizations that have been a part of this effort. They have done very well in difficult conditions, bringing great credit on themselves and on the United Nations.